

ANNUAL REPORT

PUBLIC SERVICE
COMMISSION

JULY 1, 1956 -- JUNE 30, 1957



LETTER OF TRANSMITTAL

To His Excellency, James T. Blair, Jr.,
Governor of Missouri.

Dear Sir:

Pursuant to Section 386.380, Revised Statutes of Missouri 1949, we have the honor to submit herewith the Annual Report of the Public Service Commission of the State of Missouri, which said report contains a full and complete account of its transactions and proceedings for the period from July 1, 1956 to June 30, 1957, inclusive.

Respectfully submitted,

By Type III Burton
Chairman

Charles L. Hanson
Commissioner

E. M. McIntosh
Commissioner

D. L. M. McDonald
Commissioner

William Barton
Commissioner

MISSOURI PUBLIC SERVICE COMMISSION

TYRE W. BURTON, Chairman Fayette
CHARLES L. HENSON, Commissioner Springfield
E. L. McCLINTOCK, Commissioner Cape Girardeau
D. D. McDONALD, Commissioner Jefferson City
WILLIAM BARTON, Commissioner Jonesburg

PATRICIA NACY, Secretary Jefferson City
GLENN D. EVANS, General Counsel Macon
R. E. DUFFY, Chief Engineer Greenfield
JAMES M. ENGLAND, Chief Accountant Cape Girardeau
GEORGE G. FOX, Chief Rate Expert Springfield
CARLE R. NEWBERRY, Supervisor of Motor Bus
and Truck Department . . Jefferson City
J. W. RINER, Supervisor of Railroad Safety
Department Jefferson City

ACCOUNTING DEPARTMENT

The department is delegated with the responsibility of assisting the Commission in matters regarding valuations of utility properties for rate making purposes, security issues, reorganizations, consolidations, and property acquisitions by operating utilities. It is represented and presents evidence at hearings in which these matters are involved. It also conducts audits and investigations of various public utilities, in order to develop and present information which will enable the Commission to be informed of the actual conditions when passing upon a case involving any of the matters previously mentioned.

Other duties consist of the supervision of the accounting of all utilities in the state, which are subject to the jurisdiction of the Commission, including annual reports from each utility of its operations, which are filed in the department as a public record. The department also assists in the preparation of the budget each biennium and maintains current records of the expenditures, and periodically advises the Commission as to the current status of each appropriation. In addition, by the application of Section 386.370, Missouri Revised Statutes 1949, which sets forth the method of assessing various classes of public utility companies by the Commission for the expenses incurred each

fiscal year attributable to the exercise of regulatory power, the department has been directed by the Commission to calculate the exact amount of the assessment against each public utility company, in accordance with the provisions of the Act.

Personnel

The personnel of the department at June 30, 1957, consists of the chief accountant, ten accountants, and two senior stenographers.

Audit and Special Studies

With the exception of the chief accountant and general office staff, the remaining personnel of the department perform their duties in the field, auditing the books and records of the various utility companies. The purpose of these audits is to determine the original cost of utility property; operating revenues and expenses; net operating income applicable thereto; the utility's capitalization, for the use of the Commission in any valuation or rate case which may be before it; and for any other purpose which the Commission might deem proper under the circumstances.

Special studies are also made from time to time by members of the department for the purpose of inquiring as to the adequacy, or inadequacy, of the net operating income of the utility under review, based on its existing rate base.

During the fiscal year, the largest and most important cases in which the department was involved were: St. Louis County Water Company, Union Electric Company, Southwestern Bell Telephone Company, St. Louis Public Service Company, and Joplin Water Company. Involved in the above cases were the determination of original cost and the examination of operating revenues and expenses.

The following is a list of audits and investigations in which this department was involved during the year:

Cassville Rural Telephone Company, Inc.
Consolidated Telephone Company
Fidelity Telephone Company
Joplin Water Company
Liberal Telephone Company
Peculiar Telephone Company
Pleasanton Telephone Company
Purdy Telephone Company
St. Charles Gas Corporation
St. Louis County Water Company
St. Louis Public Service Company
Sheldon Telephone Company
Southwestern Bell Telephone Company
Twin Lakes Telephone Company
Union Electric Company
Warrensburg & Pertele Springs
Water Works Corporation
Webster County Telephone Company
Western Light & Telephone Company
Worth Mutual Telephone Company

During the year the Commission received numerous applications from independent telephone companies asking for authority to increase charges for telephone service, largely because of the increased costs of operation. In order to expedite the many applications for increase in telephone

rates, four of our field accountants have been assigned to audit and make an investigation of the books and records of the telephone companies and report the findings to this department so that prompt action may be taken. Many requests were received from telephone companies for assistance in setting up their books and records, and assistance in the preparation of their annual reports to this Commission. These requests have been and are being complied with at a rapid rate. Audits and investigations were completed during the fiscal year of a number of these independent telephone companies seeking relief, and the cases have been disposed of by the Commission.

During the fiscal year the accountant who was assigned permanently to the handling of accounting matters of bus and truck companies operating intrastate under the Commission's jurisdiction made a number of calls on various motor carriers. Upon receipt of the annual and quarterly reports of the various motor carriers, they were immediately checked and any irregularities and omissions noted were called to the attention of the carriers, with a request that corrected copies of the reports be filed.

During the year 1957, a total of 749 annual reports and 1,384 quarterly reports were filed by the various motor carriers. While the duties performed by this accountant are not entirely in the nature of audits, he supervises the

accounting methods and practices of these companies for the purpose of improving their accounting records and reports to the Commission, and to bring them in line with Commission requirements. Also, this accountant is available for obtaining such accounting and statistical data relative to the various motor carrier operations as might be required by the Commission from time to time in passing upon the requests of various carrier groups for increased rates.

Other studies were made throughout the period in connection with the various problems which arose, and which required more information than was in the offices of the Commission.

Security Issues

During the fiscal year the amount of security issues authorized was \$162,093,535.99, a decrease of 2.45 percent under the amount authorized in the preceding fiscal year. Of this amount, \$75,000.00 was for the purpose of refunding outstanding securities and \$162,018,535.99 was for new money obtained for the acquisition, construction, completion, extension and improvement of the services of the various utility companies. The amount of refunding issues showed a decrease of 98.58 percent under the amount authorized in the previous fiscal year and the new money authorized showed an increase of .695 percent for the same period.

As previously stated, there were relatively few refunding authorizations issued. The increase in the authorization

for new money seems to indicate that the demand for increased utility service still exists. The increase or availability of materials also allowed companies to proceed during the year in the completion of long delayed construction projects requiring additional capital.

(Copy) (The fact that Missouri public utility companies were able to obtain their capital requirements during the past year reflects to some degree the sound financial condition of these companies and their good credit rating. This is further justification for the continuance by the Commission of its policy of careful scrutiny of all proposed security issues, with the view to improving corporate structures and to increasing the margin of safety to investors.

The following table shows the securities authorized during the period from July 1, 1956 to June 30, 1957, inclusive:)

SECURITIES AUTHORIZED JULY 1, 1956 to JUNE 30, 1957

DATE OF AUTHORITY	CASE NO.	COMPANY	KIND OF SECURITIES	REFUNDING	TOTAL VALUE
July 3, 1956	13,378	Modern Telephone Company	Common Stock		\$ 20,000.00
July 3, 1956	13,378	Modern Telephone Company	Preferred Stock		50,000.00
July 12, 1956	13,393	Klem Telephones Company	Notes		262,000.00
July 12, 1956	13,393	Klem Telephone Company	Common Stock		40,000.00
July 26, 1956	T-14,128	Cooper-Jarrett, Inc.	Note		75,000.00
July 27, 1956	13,446	Raytown Water Company	Bonds		140,000.00
Aug. 9, 1956	13,452	Kansas City Public Service Company	Notes		304,000.00
Aug. 20, 1956	13,390	Hartville Telephone Company	Common Stock		2,820.77
Aug. 21, 1956	13,459	Missouri Utilities Company	Bonds		1,000,000.00
Aug. 23, 1956	13,407	Mid-Missouri Telephone Company	Note		359,000.00
Aug. 24, 1956	13,439	Mid-Missouri Telephone Company	Common Stock		42,400.00
Aug. 24, 1956	13,439	Mid-Missouri Telephone Company	Preferred Stock		50,000.00
Sept. 5, 1956	13,473	Southwestern Bell Telephone Company	Common Stock		100,000,000.00
Sept. 5, 1956	13,438	Miami Telephone Company	Common Stock		5,000.00
Sept. 5, 1956	13,438	Miami Telephone Company	Preferred Stock		10,000.00
Sept. 20, 1956	13,493	St. Joseph Light & Power Company	Notes		6,500,000.00
Sept. 24, 1956	13,484	Chariton Valley Telephone Corporation	Notes		706,000.00
Sept. 24, 1956	13,475	Grand River Telephone Corporation	Notes		481,000.00
Sept. 25, 1956	13,398	Conception Junction Telephone Company	Note		15,840.00
Sept. 25, 1956	13,453	LaBelle Telephone Company	Common Stock		48,046.50
Oct. 6, 1956	13,523	Consumers Public Service Company	Bonds		150,000.00
Oct. 9, 1956	13,395	Eastern-Missouri Telephone Company	Common Stock		10,000.00
Oct. 9, 1956	13,385	Eastern-Missouri Telephone Company	Preferred Stock		5,000.00
Oct. 23, 1956	13,534	Chariton-Valley Telephone Corporation	Preferred Stock		100,000.00
Oct. 23, 1956	13,498	Stover Telephone Company	Notes		195,000.00
Oct. 23, 1956	13,479	Stover Telephone Company	Preferred Stock		20,000.00
Oct. 25, 1956	13,487	Carter Company Telephone	Note		50,000.00
Nov. 6, 1956	13,548	Capital City Telephone Company	Common Stock		180,000.00
Nov. 6, 1956	13,548	Capital City Telephone Company	Common Stock		300,000.00
Nov. 13, 1956	13,541	Purdy Telephone Company	Notes		170,000.00
Nov. 13, 1956	13,541	Purdy Telephone Company	Preferred Stock		20,000.00
Nov. 19, 1956	13,546	Goodman Telephone Company	Notes		96,000.00
Nov. 23, 1956	13,550	Chariten Valley Telephone Corporation	Notes		699,000.00
Nov. 23, 1956	13,545	General Telephone Company	Common Stock		225,000.00
Dec. 3, 1956	13,491	Conway-Niangua Telephone Company	Common Stock		34,000.00
Dec. 3, 1956	13,491	Conway-Niangua Telephone Company	Preferred Stock		10,000.00
Dec. 3, 1956	13,492	Conway-Niangua Telephone Company	Note		70,000.00
Dec. 3, 1956	13,510	Granby Telephone Company	Note		65,000.00
Dec. 18, 1956	13,476	LaPlata Telephone Company	Note		50,000.00
Dec. 31, 1956	13,584	Missouri Public Service Company	Bonds		5,000,000.00
Dec. 31, 1956	13,584	Missouri Public Service Company	Common Stock		4,398,543.00
Jan. 3, 1957	13,557	La Belle Telephone Company	Notes		254,000.00
Jan. 9, 1957	13,575	Parkville Water Company	Bonds		275,000.00

Jan. 9, 1957	13,575	Parkville Water Company	Preferred Stock	\$ 75,000.00	\$ 75,000.00
Jan. 10, 1957	T-15,271	Indianapolis-Kansas City Motor Express Company	Notes		250,000.00
Jan. 10, 1957	13,515)				
	13,516)				
Jan. 15, 1957	13,593	Leewood Telephone Company	Common Stock		120,000.00
Jan. 15, 1957	13,572	Western Light & Telephone Company	Preferred Stock		1,644,625.00
Feb. 1, 1957	13,579	Sho-Me Power Corporation	Notes		217,920.72
Feb. 1, 1957	13,578	Meramec Telephone Company	Preferred Stock		51,000.00
Feb. 4, 1957	13,603	Meramec Telephone Company	Notes		160,000.00
Feb. 11, 1957	13,567	Iowa-Illinois Telephone Company	Notes		5,667,000.00
Feb. 11, 1957	13,574	Eastern-Missouri Telephone Company	Notes		259,000.00
Feb. 19, 1957	13,590	McDonald Telephone Company	Preferred Stock		45,000.00
Feb. 19, 1957	13,591	McDonald Telephone Company	Common Stock		31,750.00
Feb. 19, 1957	13,591	McDonald Telephone Company	Preferred Stock		10,000.00
Feb. 20, 1957	13,606	Missouri Water Company	Common Stock		24,400.00
Feb. 21, 1957	13,555	Urbana Telephone Company	Bonds		1,600,000.00
Feb. 21, 1957	13,554	Urbana Telephone Company	Preferred Stock		40,000.00
Mar. 4, 1957	13,602	Midwestern Telephone Company	Notes		593,000.00
Mar. 4, 1957	13,601	Midwestern Telephone Company	Notes		275,000.00
Mar. 4, 1957	13,569	Wheeling Telephone Company	Preferred Stock		50,000.00
Mar. 19, 1957	13,626	United Telephone Company	Common Stock		4,500.00
Mar. 19, 1957	13,626	United Telephone Company	Common Stock		500,000.00
Mar. 25, 1957	13,552	Granby Telephone Company	Bonds		750,000.00
Apr. 17, 1957	13,651	Laclede Gas Company	Preferred Stock		25,000.00
May 13, 1957	13,631	Sheldon Telephone Company	Bonds		10,000,000.00
May 22, 1957	13,661	Empire District Electric Company	Common Stock		28,500.00
May 27, 1957	13,667	Modern Telephone Company	Bonds		3,000,000.00
May 27, 1957	13,667	Modern Telephone Company	Common Stock		20,000.00
May 27, 1957	13,678	Panhandle Eastern Pipeline Company	Preferred Stock		50,000.00
May 31, 1957	13,675	Arkansas-Missouri Power Company	Common Stock		10,800,000.00
May 31, 1957	13,619	Sheldon Telephone Company	Common Stock		1,306,390.00
June 3, 1957	13,674	McDonald County Telephone Company	Notes		223,000.00
June 3, 1957	13,630	Liberal Telephone Company	Notes		120,000.00
June 10, 1957	13,676	Missouri Utilities Company	Common Stock		33,800.00
June 12, 1957	13,615	Liberal Telephone Company	Common Stock		69,000.00
June 19, 1957	13,682	Modern Telephone Company	Notes		202,000.00
			Notes		83,000.00
			Total	\$ 75,000.00	\$ 162,093,535.99

Recapitulation

Common Stock	\$ 118,765,150.27
Preferred Stock	2,255,625.00
Bonds	21,915,000.00
Notes	19,157,760.72
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	\$ 162,093,535.99

Annual Reports

Approximately seven hundred electric, water, heating, gas, telephone, telegraph, street railroad, railroad, sleeping car, express, and bus and truck companies filed annual reports with the Commission. These reports show each reporting utility's financial condition and operating results for the last calendar year. The reports are available for public inspection, and the information contained in them is used extensively by security holders, investment brokers, municipal and county officials and interested public utilities and individuals.

The department uses these reports in developing rates of return and earnings for the various companies under the jurisdiction of the Commission. From time to time, statistical studies pertaining to various matters under review are also developed for the use of the Commission.

Too much emphasis cannot be placed upon the importance of obtaining this required annual report from each utility regardless of its size. Each year in the past, various small utilities have been delinquent in filing and the department has been compelled by various means to advise them of their delinquency. In spite of these efforts, there are always a few utilities from which the department is unable to obtain a report. For the calendar year, however, our efforts culminated in the filing of reports by practically all utilities

\$0 obligated. While the Public Service Commission Law grants the Commission the power to assess a penalty for this failure, the Commission has never exercised this power, preferring instead, by less severe methods, to impress upon all utilities the importance of complying with this portion of the law. We feel the results of the past year justify this course of action.

Budget and Appropriations

The department advises the Commission periodically, as to the status of each of the appropriations under which it operates, and helps in the preparation of the budget request for each biennium. Current records are maintained in the department recording the expenditures under the various appropriations and showing the free balance of each appropriation. All Commission expenditures are referred to the department for the purpose of determining whether the expenditures contemplated can be made within the scope of the budget appropriation.

In accordance with the provisions of Section 386.370, Missouri Revised Statutes 1949, the Commission on June 24, 1957, entered its order in Case No. 11,110, Supplemental Order No. 10, in which it estimated the amount of its expenses for the current fiscal year payable under the provisions of this section at \$397,685.15.

In 1947 the legislature fixed the ceiling of \$300,000.00 as the maximum amount to be assessed against public utilities in any one fiscal year. In consideration of the increase in

operating costs in the ensuing years, the Sixty-ninth General Assembly, under House Bill No. 147, saw fit to increase the maximum amount to be assessed against public utilities from \$300,000.00 to \$400,000.00 in any one fiscal year.

After crediting the various utilities with an unexpended balance of \$47,685.15, from the preceding fiscal year, the Commission assessed each group in addition to said unexpended sum as follows:

(a) Railroad Corporations	\$52,238.80
(b) Street Railroad Corporations.	13,059.70
(c) Other Common Carriers (Railway Express Co.)	326.50
(d) Electric Corporations, Gas Corporations, Water Corporations, Heating Companies, and Telephone Corporations	284,048.50
(e) Telegraph Corporations	326.50
Total	350,000.00

The department in the same order was directed to calculate the amount of the assessment against each public utility in each group in proportion to its gross intrastate revenues for the preceding calendar year in relationship to the total for the group. The assessments so calculated were presented to the Secretary of the Commission who was directed to notify each utility of the amount assessed and the method by which payment should be made.

Fees

During the fiscal year the fees collected, exclusive of the Bus and Truck Department, were as follows:

Authority Fees	\$35,594.00
Miscellaneous Earnings	<u>5,093.62</u>
Total	40,687.62

The fees of \$40,687.62 collected for the current fiscal year compare with \$22,316.59 collected in the preceding fiscal year. All authority fees and miscellaneous earnings collected revert directly to the State's General Revenue Fund and are not subject to expenditures by the Commission under appropriations.

Cooperation with Other Regulatory Commissions

During the fiscal year, cooperation was maintained with the Federal Power Commission, in connection with joint problems relative to various Missouri electric utilities. The department has also cooperated with the Securities and Exchange Commission and Rural Electrification Administration in matters of mutual interest. The department has been called upon and has furnished information, engaged in conferences, and cooperated with personnel of the Rural Telephone Association in connection with applications for government loans for rural telephone companies.

General

In addition to the previously outlined duties, the department is constantly called upon for assistance and information by the general public, and when not in conflict with Commission policy, such assistance and information is rendered. The department also attempts to work in close cooperation with the other departments of the Commission and many of the results which have been achieved have been the result of cooperation and assistance from these departments.

At the close of the fiscal year, the department was still faced with the problem of ever increasing demands for the service of its personnel. Because of increased operating costs, various classes of utilities are constantly petitioning the Commission for authority to file increased schedules of rates. Usually in such cases, the petitioner stresses the urgency of the situation and requests immediate remedial action. The department is attempting and will continue to make the necessary studies as rapidly as physically possible.

BUS AND TRUCK DEPARTMENT

The Bus and Truck Department of the Missouri Public Service Commission on June 30, 1957, consisted of a supervisor, a chief clerk, five clerks and stenographers and eight district inspectors.

This department, as in the past, continued to be of service to the public on all transportation problems involving common carriers and contract carriers of persons and property on the highways of Missouri.

Compliance of all rule requirements by certificated carriers has been extremely good this past year and again we are pleased to advise that there were few complaints in regard to service being inadequate by Public Service Commission authorized carriers.

The Missouri State Highway Patrol was very efficient in its enforcement of the Missouri Bus and Truck Law and General Order No. 33-C. The inspection division, composed of eight bus and truck inspectors made many investigations of reported suspected violations of the Public Service Commission regulations. These inspectors also disseminated information to the general public in their districts that was generally helpful to shippers, consignees, city and county officials, other State department employees, and motor carriers having authority from this Commission and the unregulated carrier that operated under the several exemptions allowed in the Missouri Bus and Truck Law.

This Commission did not issue quite as many interstate permits to exempt commodity carriers of the Interstate Commerce Commission as in the previous year. As mentioned in last year's report these authorities do not result in the State of Missouri receiving much revenue due to the reciprocity agreements between the State of Missouri and twenty-five other States.

Last year this department was flooded with correspondence and telephone calls from truck operators on the requirements of common carriers of bulk commodities by dump trucks, and by livestock market to market haulers, and feed, grain, and fertilizer haulers. This department issued over one thousand dump truck authorities, and a large number of limited authorities such as the hauling of livestock from market to market, feed and fertilizer.

The inspection division of this department participated in four nation-wide road checks the past year in cooperation with the Bureau of Motor Carriers of the Interstate Commerce Commission and the Missouri State Highway Patrol. Many vehicles were found to be unsafe and were put out of service temporarily until corrections were made. It has been this department's main objective to "Prevent Accidents on Missouri Highways" and strick compliance by every carrier of the "Safety Rules" of the Missouri Bus and Truck Law, and General Order No. 33-C is constantly being checked by troopers,

weight inspectors and bus and truck inspectors. At these road checks officers and inspectors disseminate information to bus and truck drivers that is of benefit to them in regard to old and new laws pertaining to the operation of commercial motor vehicles on the highways of Missouri.

As mentioned in our report of last year this department has shown a substantial increase in revenue collection. This past year we collected \$40,593.00 more than the previous year. The 1955-56 collection was \$480,369.00 and this year \$520,962.00. A slight increase is expected for the coming year, however the amount will not reach the gains made in the last two years, due to the slowdown on dump truck and limited commodity carrier applications before this Commission. There will always be a number of exempt commodity carriers of the Interstate Commerce Commission requesting authority from the Missouri Public Service Commission. Many of these operations will not bring in revenue to the State of Missouri because of the reciprocity agreements existing between Missouri and twenty-five States. This Commission waives its regulatory fee provided the vehicle to be operated into and through the State of Missouri is fully and properly licensed in its home State with which we have reciprocity.

The Missouri State Legislature did not change the Missouri Bus and Truck Law by adding or deleting any exemptions. Therefore our collection should show a slight increase this coming year.

The following tabulations show the amount of revenue collected from motor carriers, under the jurisdiction of the Missouri Public Service Commission, for the twelve months period from July 1, 1956, to June 30, 1957:

	<u>FEES</u>		
	<u>TRUCKS</u>	<u>BUS</u>	<u>TOTALS</u>
July, 1956	\$ 19,499.00	\$ 450.00	\$ 19,949.00
August, 1956	17,769.00	229.00	17,998.00
September, 1956	15,225.00	125.00	15,350.00
October, 1956	14,644.00	302.00	14,946.00
November, 1956	8,408.00	100.00	8,508.00
December, 1956	4,711.00	2.00	4,713.00
January, 1957	320,503.00	17,375.00	337,878.00
February, 1957	24,858.00	351.00	25,209.00
March, 1957	23,535.00	700.00	24,235.00
April, 1957	20,083.00	802.00	20,885.00
May, 1957	15,364.00	526.00	15,890.00
June, 1957	15,001.00	400.00	15,401.00
Grand Totals	499,600.00	21,362.00	520,962.00

COMMON CARRIERS---TRUCK

Intrastate

Regular Routes	8
Irregular Routes	1471
Regular and Irregular Routes	<u>20</u>
	1499

Interstate

Regular Routes	14
Irregular Routes	2202
Regular and Irregular Routes	<u>38</u>
	2254

Intrastate and Interstate

Regular Routes	5
Irregular Routes	195
Regular and Irregular Routes	<u>153</u>
	353

TOTAL - 4106

CONTRACT CARRIERS---TRUCK

Intrastate

Regular Routes	10
Irregular Routes	42
Regular and Irregular Routes	<u>2</u>
	54

Interstate

Regular Routes	6
Irregular Routes	256
Regular and Irregular Routes	<u>3</u>
	265

Intrastate and Interstate

Regular Routes	0
Irregular Routes	43
Regular and Irregular Routes	<u>5</u>
	48

TOTAL - 367

Temporary Authorities	<u>31</u>
	31

Grand Total of Truck Carriers	4473
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COMMON CARRIERS---BUS

Intrastate

Regular Routes	21
Irregular Routes	0
Regular and Irregular Routes	<u>6</u>
	27

Interstate

Regular Routes	2
Irregular Routes	49
Regular and Irregular Routes	<u>1</u>
	52

Intrastate and Interstate

Regular Routes	9
Irregular Routes	2
Regular and Irregular Routes	<u>17</u>
	28

TOTAL - 107

CONTRACT CARRIERS---BUS

Intrastate

Regular Routes	2
Irregular Routes	0
Regular and Irregular Routes	<u>0</u>
	2

Interstate

Regular Routes	0
Irregular Routes	1
Regular and Irregular Routes	<u>0</u>
	1

TOTAL - 3

Temporary Authorities

	5
	<u>5</u>

Grand Total of Bus Carriers

115

ENGINEERING DEPARTMENT

The assignments of the Engineering Department, as directed by the Commission, relate to the problems coming before the Commission in connection with its regulation of railroads, water, gas, electric, steam heating and telephone utilities in the State of Missouri.

Employed in the department are engineers and field men with three stenographers carrying on the office work. The problem of securing additional help for handling the work that comes before the engineering staff has become more serious throughout the past year than at any time before. Trained engineers are almost unobtainable at the present day salaries. Because of the fact that it requires two or more years to train a college engineering graduate to be able to handle valuation problems, including original cost and depreciation studies, it is almost impossible to secure men who are willing to go through the training period while the engineering field outside of regulatory work offers them opportunities in immediate engineering problems.

The staff also has the assignment of receiving and filing tariffs; making investigations of complaints; and inquiries concerning utility service and safety problems relating to the operation of the various utilities, particularly railway and electric systems.

Railway Service and Safety

This requires work on problems of the following character:

Inspection of diesel and electric properties.

Investigation to determine the necessity and safety of switch and side track connections.

All matters relating to the service offered by railroad companies at their stations.

Supervision of diesel and electric railway crossing protection, signal systems and interlocking plants.

Investigations of accidents on diesel and electric railroads.

Approval of plans in regard to clearances.

Drainage investigations.

Sanitation inspections

Safe working conditions for employees of railroads.

The following tabulation shows the Commission's disposition of ninety-four formal cases in this field which have come before it and this department for examination:

Railway Service

Discontinuance of Agency	(granted)	8
Discontinuance of Agency	(denied)	2
Discontinuance of Agency	(dismissed)	1
Stations Abandoned, Building Removed		1
Install Caretaker		1
Discontinuance of Caretaker		2
Construct Spur Track		12
Switching Service Change		1

Railway Safety

Horizontal Clearance	(granted)	9
Horizontal Clearance	(dismissed)	1
Vertical Clearance	(granted)	10
Interlocking Plans Approved		7
Additional Tracks over Existing Crossings		11
Flagman or Crossing Watchman Abandoned		4
Flashing Lights Installed at Existing Crossings		10
Flashing Lights & Gates Installed		3
Gates Installed		1
Flashing Lights Retired (crossing closed, relocation)		2
Flashing Lights Relocated (at reconstructed crossings)		1
Flashing Lights Replaced (improved)		1
Manually Operated Gates Retired		1
Tracks Involved - Main		23
Tracks Involved - Spur or Switch		23
New Grade Crossings Established (no protection)		22
New Grade Crossings Established with Flashing Light Protection		11
New Grade Crossings Established with Flashing Lights and Gates		1
Grade Crossings Closed		15
Grade Crossings	(dismissed)	1
Grade Crossings	(denied)	1
Underpass	(granted)	2
Overpass	(granted)	5
Overpass Abandoned and Removed		2

Field inspections were required in many instances because of questions arising relative to the safety of railway employees and the public. Many of the problems come up in connection with formal cases before the Commission and other inspections result from informal complaints made and adjusted at the time of inspection or conferences relative thereto. By handling many of the informal complaints in this manner, the necessity of holding formal hearings were eliminated or reduced.

Information contained in reports of accidents, as made by the railroad companies operating in the State of Missouri, is as follows:

	<u>Killed</u>	<u>Injured</u>
Passengers	1	99
Employees	5	305
Non-trespassers	30	105
Trespassers	24	17
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Total	60	526
Accidents (no injury)	154	- Total number of accidents 637

Of the total six hundred thirty-seven accidents, eighty-two occurred at highway-grade crossings. Thirteen of the accidents were caused by vehicles on the highway running into trains, while sixty-three were caused by railroad trains striking vehicles. Six pedestrians were struck at crossings. Eighty-seven persons were injured and thirty lost their lives as a result of these accidents. Twenty-one of the eighty-two

accidents occurred at protected crossings and sixty-one at unprotected crossings.

Number killed at protected crossings	8
Number injured at protected crossings	14
Number killed at crossings not protected	22
Number injured at crossings not protected	73

Further study of the accident reports show the following information:

TIME OF YEAR

<u>1956</u>	<u>Number of Accidents</u>	<u>Number Killed</u>	<u>Number Injured</u>
July	1	3	0
August	1	0	1
September	6	4	3
October	8	5	9
November	13	4	17
December	12	2	14
<u>1957</u>			
January	13	2	13
February	6	0	7
March	12	6	6
April	5	2	9
May	4	2	7
June	1	0	1
Total	82	30	87

TIME OF DAY

<u>A. M.</u>	<u>Number of Accidents</u>	<u>P. M.</u>	<u>Number of Accidents</u>
12 to 1	4	12 to 1	7
1 to 2	2	1 to 2	4
2 to 3	0	2 to 3	7
3 to 4	0	3 to 4	4
4 to 5	0	4 to 5	4
5 to 6	1	5 to 6	4
6 to 7	2	6 to 7	4
7 to 8	3	7 to 8	8
8 to 9	5	8 to 9	4
9 to 10	8	9 to 10	0
10 to 11	2	10 to 11	2
11 to 12	3	11 to 12	4
Total	30		52

It is common knowledge that the number of vehicles on our highways have continued to increase over a number of years and the past year was no exception. However, during a period of that time the number of crossing accidents has not increased through the years 1952-1956 inclusive, with the exception of 1952-1953 when the total number of accidents was six hundred fourteen as compared to six hundred thirty-seven in 1956-1957.

The following is a summary of accidents reported during the past five years on railroads operating in Missouri:

	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>	<u>1955-56</u>	<u>1956-57</u>
Total number of accidents	808	614	664	679	637
Total number of accidents-no injuries	243	194	192	195	154
Total killed	62	71	53	60	60
Total injured	524	544	494	448	526
Passengers killed	0	1	0	0	1
Passengers injured	58	126	93	66	99
Employees killed	4	4	1	5	5
Employees injured	326	293	290	276	305
Trespassers killed	17	22	14	17	24
Trespassers injured	21	20	12	10	17
Non-trespassers killed	41	44	38	38	30
Non-trespassers injured	119	105	99	96	105
Crossing accidents	107	84	78	84	82
Killed	38	42	36	35	30
Injured	99	87	74	83	87
Train struck vehicle	64	71	57	57	63
Vehicle struck train	33	11	13	23	12
Pedestrians	10	2	8	4	6
Motorcycle	0	0	0	0	1
Accidents at protected crossings	29	23	26	27	21
Accidents at crossings not protected	78	61	52	57	61

Summary of derailments and collisions reported during the past five years on railroads operating in Missouri:

Derailments - Freight trains	136	118	124	119	116
Derailments - Passenger trains	13	15	13	6	5
Other collisions - Freight trains	75	50	44	59	31
Other collisions - Passenger trains	15	11	10	2	4
Other	0	0	0	0	1

As in the past, members of the department, after contacting other interested parties, made field inspections of hazardous conditions at crossings and other safety violations. The railroad companies usually have a representative present when an investigation is made and corrective measures in the interest of improving conditions are frequently handled informally with railroad company representatives at the time of inspections, thereby eliminating numerous hazards in less time than is required when a formal case is filed. Some of these inspections are made in instances when the question involved is a matter of a formal case before the Commission. In all instances, a full report of each inspection is made. In formal cases coming before the Commission relative to problems with the various railroad companies it is the duty of the department to have a staff member present at hearings before the Commission to assist in every way possible.

Within the past year this department has completed a grade crossing survey, including pictures and recommendations, on the main line of the St. Louis-San Francisco Railway Company between St. Louis and Seneca, Missouri.

The other public utilities of the State have continued to expand distribution systems, production plants and to establish inter-connection with one another in order to meet the demands of the public and assure stability of service.

The annual report of the Commission for the period from November 30, 1919, to November 30, 1920, shows that there were three hundred forty-eight separate electric systems operating in the State whereas at the present time there are only fourteen systems reporting to the Commission. The number of telephone companies in 1920, under the regulation of the Commission, amounted to four hundred ninety-three. At the present time there are only one hundred forty-four. These changes have come about through consolidations by purchase and transfers to corporate interests, all of which has lead to better service. Electric rates charged today are much lower than those charged in the past. On the other hand, telephone rates are higher than they were but there is no comparison between the quality of service being rendered now and the service furnished in 1920. It is interesting to note further that plant investment as of December 31, 1956, compared to December 31, 1946, has increased by the following approximate percentage:

		%
Electric	248	<u>314</u>
Gas	229	<u>318</u>
Telephone	264	<u>490</u>
Water	243	<u>316</u>
Steam Heating (decrease)	64	

Electric Utilities

While plant investment has increased during the past ten years approximately 248 percent, the use of the service

by the public has increased that much or more. Every class of electrical service furnished by the utilities for domestic, industrial, municipal and other uses have increased beyond what was expected in 1920 or 1946. Air conditioning has produced an increasingly heavy summer load for the utilities in recent years. Television, while not a large load individually, when taken collectively adds up to a sizable load. Apparently we are at the beginning of the era of electric house heating. Electric utilities have expanded plants, installing equipment that generates electricity at a lower fuel cost per kilowatt hour than ever before due to improved economies and through consolidations and integrations of the various systems. Due to increased cost of new plant that has been added to improve service, increased labor cost and other causes, electrical utilities were allowed, during the past year, to increase rates something like \$157,224.00.

Gas Utilities

Gas utilities in the State have continued to grow at an enormous rate but during the past year have not requested an increase in rates. Gas has recently been extended to additional smaller cities and the service throughout the State has been very much in demand by new customers and by present customers for increased use of gas. It has been necessary to continue to allow one of our larger gas utilities to limit the number of customers desiring connection to its system for space heating because of the limited capacity of

its source of supply, but in the face of that it has been able to add several thousand domestic customers who heretofore were not allowed to take gas for space heating. The cost of gas for space heating is below the cost of coal or coal or oil and there is a continuing demand on the part of the public for that service. Practically all of the gas now furnished in the State is straight natural gas.

Telephone Utilities

While it is pointed out that there has been an increase of 264 percent in plant investment for rendering telephone service throughout the State, this increase does not necessarily show that the number of telephone customers has increased to that extent. Many of the smaller plants and mutual systems not under regulation by the Commission have been taken over by corporately organized companies and with funds borrowed largely from the Federal government have converted the smaller systems to dial operation. The rates for all service in the State have necessarily been increased in the amount of about \$1,506,310.00. To replace the former systems with dial operated plants, the old plants which were mostly magneto and common battery, had to be almost completely replaced. In the face of the fact that the rates now charged in those localities are more than they were previously, the Commission receives very little complaint from the customers who have the improved service as compared to the complaints

received from customers under the old systems, even at lower rates. That change is continuing to take place and it is hoped that before too long practically all customers will be receiving dial operated telephone service.

Conversion of the telephone systems, as well as other utilities, to modern type equipment requires new studies for furnishing original costs and making calculations of charges that are to be made to the depreciation reserve.

Another question that arises in the expansion of telephone facilities in the State, is that of customers who desire to secure service from some other exchange than the one they now have. There are two reasons for this. Modern telephone service makes it possible to secure telephone service at a greater distance from the central office due to improved transmission facilities and due to the improved transportation facilities now afforded the public through automobiles and highways, so that persons may desire service through the larger urban centers, thereby providing more contacts with those trade centers.

Water Utilities

Water utilities of the State, during the present period, have been in a better position to furnish adequate service than existed during the annual period just previous. The utilities have been able to expand plants and complete construction work that enabled them to put into operation

adequate facilities. Furthermore, rains and cooler weather have made the demand for peak-load service less pronounced than was previously experienced and water for air conditioning is under better control, so that at the present time it might be stated that the water utilities under regulation by the Commission are rendering satisfactory service. During the past twelve months ending June 30, water utilities were allowed to increase rates something like \$12,100.00.

Steam Heating

Steam heating utilities in the State exist principally in the larger cities. A substantial portion of that class of service heretofore furnished in some of the small cities has been replaced by natural gas since it became available. The rates for this service have been increased to some extent because of increased wages, increased cost of fuel and some increase in the cost of plant facilities.

The department is occupied with these matters:

Keeping statistical records of the various utilities.

Looking after complaints.

Inspecting equipment and service meters.

Giving attention to construction practices of the various utilities relative to public safety and keeping in contact with those utilities for the purpose of insuring the health and safety of both the public and employees.

Attending hearings and offering testimony where investigation may be made and where different types of facilities are being constructed to render adequate service or replace plant facilities.

In handling matters coming before the Commission, between two and three thousand letters were written, many conferences were held and tariffs were received and examined in connection with the disposition of formal cases before the Commission. An accurate record of all of the rates charged and rules and regulations filed by the utilities furnishing water, gas, telephone, electricity and steam heating service are kept. More than thirteen hundred new tariffs, rates, rules and regulations were filed and processed by the staff of this department during the period covered by this report. It is believed by this department that the work has been looked after efficiently and brought to a satisfactory conclusion in each instance.

LEGAL DEPARTMENT

Personnel

During the past fiscal year from July 1, 1956, to June 30, 1957, there have been a number of changes in the personnel of the Legal Department. Ordinarily this personnel consists of the general counsel; assistant general counsel; two staff attorneys; one of whom is also the reporter of opinions; and three legal stenographer-secretaries. During this past year Frank J. Iuen, assistant general counsel, resigned from the staff to become Legal Secretary to Governor James T. Blair, Jr. Louis W. Cowan, an attorney and examiner, resigned from the staff to enter the private practice of law at Springfield, Missouri. Herman W. Huber, an examiner and reporter of opinions, resigned from the staff to enter the private practice of law in Jefferson City, Missouri. All three of these attorneys had been with the Commission a number of years and were experienced and valuable members of the staff. Fred A. Lambert, Jr., an attorney from Columbia, Missouri, who had been serving as an examiner on the staff during the past year, also resigned during this period to re-enter the practice of law at Columbia, Missouri. Thomas J. Downey, a practicing attorney from Plattsburg, Missouri, is now assistant general counsel on the staff and Howard L. McFadden, an attorney from Kansas City, Missouri, and more

recently from the staff of the Missouri Division of Employment Security, also joined our staff as an examiner.

Duties and Work

The work of the department during the past fiscal year has followed along generally established lines, conferring with the Commissioners and the technical staff and advising them upon the legal problems that arise in the daily routine of work. The general counsel, with his assistants, has discharged the duties imposed upon him by the Missouri law requiring that he give opinions and advice to the public as to their rights under the Missouri Public Service Commission Law and the legal methods and procedures pertaining to the same. Numerous individuals or their attorneys, as well as various public officials, have conferred with members of the department and have been given advice and opinions, oral and written, with respect to the matters within the scope of its prescribed functions. A considerable volume of correspondence directed to the Commission is referred to the general counsel for reply.

The department has continued to work with other agencies and departments of the State government. Various problems concerning the enforcement of the Bus and Truck Act by the State Highway Patrol have arisen during the past year and advice and opinions concerning these matters have been given to the Patrol.

On a number of occasions, members of the department have accompanied inspectors from the Bus and Truck Department of the Commission to various weight stations over the State when safety inspections and compliance check-ups were made. Legal questions frequently arise on such occasions and the presence of a member of the Legal Department at the point of inspection facilitates prompt disposition. Acting upon orders from the Commission, following hearings on citations against motor carriers, penalty suits have been instituted in Circuit Court and penalties collected for violations of the Bus and Truck Act and Commission orders. Funds collected go to the public school fund, by statute.

Considerable attention has been given to the problem of licensing motor vehicles operated in interstate commerce by nonresidents of the State, and the department has cooperated with the Director of Revenue and the Supervisor of Motor Vehicle Registration in these matters. The existing reciprocity contracts between Missouri and other States have been reviewed and conferences held in some instances with officials of other States in order to revise and keep up-to-date such reciprocity contracts.

The Legal Department of the Commission has appeared in all rate and valuation cases heard by the Commission, as is required by statute. In such cases, the department in cooperation with the Commission's technical staff has presented to the Commission all available facts and information which

it believed to be in the public interest. Members of the department have actively participated in other cases where an interest of public concern was involved.

In addition to the foregoing, the staff attorneys have assisted the Commission by acting as hearing examiners. These individuals have heard many cases during the past year, which has helped the Commission dispose of the cases on its crowded docket in a prompt and an orderly manner. In addition to presiding at the hearing, the examiners prepare suggested reports and orders which are submitted to the Commission for consideration, the Commission making such changes in the proposed orders as it finds to be necessary.

Members of the department have appeared in all cases in the courts of this State and the United States in which the Commission had an interest. These cases included litigation which arose in the courts in the first instance and cases which originated before the Commission and were reviewed by circuit and appellate courts of the State. The department has presented to the courts the Commission's views with respect to the issues involved, and it has vigorously prosecuted such litigation to its final conclusion. In addition to appearing in the State and Federal Courts on behalf of the Commission and the general public in matters within the scope of this Commission's jurisdiction, members of the department have represented the Commission at various hearings before the

Federal Power Commission and the Interstate Commerce Commission. The purpose of such appearances was to protect the interests of the utility consuming public of this State. These cases have involved many issues, e.g., gas rates, transportation rates, allocation of gas for particular communities, etc.

Among the important duties of the Commission requiring considerable time of the members of the department, is the representation of the State on joint boards created by the Interstate Commerce Commission pursuant to the provisions of the Federal Motor Carriers Act. The function of the joint board is to hear applications for certificates of convenience and necessity and permits to operate as motor carriers in interstate commerce and to recommend to the Interstate Commerce Commission the action to be taken thereon. Hearings by joint boards in which this department has participated have been held at St. Louis, Kansas City, Chicago, Des Moines, Little Rock and Springfield. (Illinois.)

RAILROAD SAFETY DEPARTMENT

This department was set up by the Commission July 1, 1957, for the purpose of protecting the health and welfare of the employees, passengers and public on railroads in the State of Missouri, in line with Governor Blair's Safety Program.

Being mindful of the fact that unsafe industrial tracks create a hazard for which the railroads are liable, the Commission stressed the importance of correcting all hazards on industrial tracks.

The purpose of this department is to correct hazards on industrial tracks and railroads in Missouri, thereby reducing accidental deaths and personal injuries to employees, passengers and the public to a minimum.

The procedure followed by this department is that an informal inspection is made of industrial tracks and hazards are pointed out to the person in charge, or his representative, then, after a reasonable length of time if hazard has not been corrected, a formal inspection is made and this department recommends to the Commission that this industry be cited. This same procedure is followed with the railroads.

A master file of all complaints, inspections and the disposition thereof is maintained by this department, along with a concise report each month to the Commission, setting out what has been accomplished that month.

The report for July, 1957, is as follows:

August 7, 1957

To the Chairman
and Commissioners:

REPORT FOR JULY, 1957

During the month of July, 1957, a total of thirty-four inspections were made. Inspections are made upon complaints from railroads, railroad unions, the public and by general inspection.

The above inspections were made on four railroads, namely, Wabash Railroad Company, Missouri Pacific Railroad Company, Terminal Railroad Association of St. Louis and the Missouri-Kansas-Texas Railroad Company.

Of the thirty-four inspections, twenty pertain to hazardous industry tracks, thirteen to property of railroads and one was "No Parking" signs on steel poles set in concrete, belonging to the City of St. Louis.

Five inspections were made upon complaints of railroads, seventeen upon complaints of railroad unions and twelve by general inspection.

By August 7, 1957, the hazards had been corrected and the file closed on nineteen of the thirty-four inspections made in July.

TRANSPORTATION RATE DEPARTMENT

General

The transportation rate department has the responsibility of assisting the Commission in the administration of the law providing for the regulation of rates, fares and services of railroads, motor carriers, street railways, express companies, and sleeping car companies. The personnel of the department consists of the chief rate expert, three rate experts, one service inspector, and two stenographers.

The department examines all rate and fare schedules filed with the Commission by the various transportation agencies to determine the reasonableness of proposed changes in rates and fares within the State of Missouri and make suggestions and recommendations to the Commission as to action to be taken to protect the public interest. It furnishes assistance in the processing of motor carrier applications for new authorities and transfers, clarifications and consolidations of previously granted authorities. It maintains authoritative records of the operating authorities of motor carriers rendering intrastate service between points in Missouri. Records are also maintained for motor carriers operating within the State in interstate commerce. The department renders general assistance to these carriers and the public in connection with rate and service problems. The department annually handles hundreds of informal complaints filed by the public or carriers. Many of the complaints

require rather extensive investigation. The department also assists the Commission in the investigation of many formal complaints concerning rate and service matters of transportation agencies.

During the past year 4,704 new or amended tariff schedules naming Missouri intrastate rates, fares or other provisions pertaining to the transportation of persons or property were filed with the Commission by the railroads, express companies and sleeping car companies; 1,212 rate schedules were filed by the truck lines; and 429 fare schedules were filed by the bus lines. Each of these schedules was examined to determine whether its provisions appeared to be reasonable and complied with the Commission's prescribed rules of publication. During the year it was necessary to reject thirty-seven tariff schedules for failure to give statutory notice or for other non-compliance with the rules of publication. However, in many cases corrective action was required before the tariff publications were permitted to become effective. The department maintains a constant and heavy volume of correspondence with the carriers and their tariff publishing agents pertaining to the correction of objectionable tariff publication. During the past year the volume of correspondence and the number of truck tariffs received for filing has been unusually large due to the granting of over 1,300 "dump truck" authorities. These truckers were not familiar with the Commission's tariff requirements. In some instances tariff schedules were suspended from becoming effective, either upon

complaint of interested parties or on the Commission's own motion, pending investigation and hearing as to the propriety of rates or charges proposed to be changed. In initiating and disposing of these investigations the department prepared thirteen recommended reports and orders for consideration by the Commission.

The department maintains an extensive file of interstate tariffs of the various transportation agencies in addition to the official file of tariffs naming intrastate rates. These interstate tariffs are used extensively by the department for rate comparison purposes and the files are open to and used by other state agencies and the public generally.

The department maintains the official file of time schedules of motor carriers of passengers. During the past year one hundred new or amended time schedules were accepted for filing. Each new or amended time schedule is examined to determine what changes in service will result, whether the remaining service appears adequate to meet the public need, or whether the public interest will otherwise be adversely affected. The department handles complaints against proposed changes in time schedule and in many instances is able to suggest changes or revisions in schedules to satisfy such complaints. Affected communities are advised of proposed service curtailments or other changes so that they can request to be heard by the Commission, in the event mutually satisfactory schedules cannot be worked out in an informal manner. In a number of instances during the past year the Commission suspended proposed changes in time schedules in order that a hearing could be held for the purpose of determining

whether changes in service were in the public interest. The department participated in these proceedings and in disposing of the suspension cases drafted eleven proposed orders for approval of the Commission.

The department also handles petitions from carriers or their agents for authority to establish rate and fare changes on less than statutory notice or changes in time schedules on short notice because of emergency situations or for relief from the rules of publication. During the past year one hundred ninety-three such petitions were received and disposed of.

The department is represented at hearings before the Commission when rates, charges and services of transportation agencies are involved and in other cases when requested by the Commission. Testimony and other evidence is submitted by department personnel when it seems necessary or appropriate for proper determination by the Commission of the issues involved. The department also prepares proposed reports and orders in connection with matters with which it is concerned for consideration and issuance by the Commission. During the past year three such orders were drafted in general rail freight rate or fare increase cases, two such orders in street railway fare or service cases, twelve such orders establishing joint rates for motor carriers, six in complaint cases, fourteen in cases involving suspensions of changes in rates or bus schedules, sixty-four dealing with the consolidation, clarification, transfer or extensions of motor carrier authorities, seventy-five having to do with the suspension of authorities for non-compliance with

the tariff filing requirements, and forty-two granting or denying temporary authority applications.

The personnel of the rate department also participates on behalf of the Commission in proceedings before the Interstate Commerce Commission involving rates from, to and between points in Missouri.

The department accumulates and compiles certain statistics of Missouri intrastate rail and motor carrier operations. It receives and analyzes various statistics prepared by other state commissions, the Interstate Commerce Commission, and various transportation associations, in order to keep abreast of transportation conditions in surrounding states and the nation as a whole.

The department has continued its work of restating bus and truck authorities to eliminate ambiguity and duplication and to facilitate the maintenance of records and publication of tariff schedules covering such authorities, although our efforts in this respect have been somewhat restricted by the press of other matters. During the year forty-nine operating authorities were restated in connection with applications to transfer such authorities.

The department has continued its program of personal contact with motor carriers throughout the state, which it calls "compliance surveys", and by which it is frequently able to offer suggestions and guidance for complying with the statutes and requirements of the Commission. The surveys are frequently

made in conjunction with investigations of specific complaints. During the year eighteen such compliance surveys or investigations were made jointly with a representative of the Interstate Commerce Commission. The department has also worked closely with the Legal Department and the Bus and Truck Department of the Commission, the Interstate Commerce Commission, and State Highway Patrol, in the investigation of one hundred thirty-eight complaints as to unlawful transportation activities. In each investigation a written report was prepared and submitted to the Legal Department for further handling or suggestions for further investigation or when such handling did not seem warranted the report was filed for future reference. A number of the investigations resulted in court cases or formal proceedings before the Commission in which the department cooperated. Personnel of the department assisted in eleven road checks at the Highway Patrol scalehouses located throughout the state.

Railroad Rates and Operations

On September 27, 1956, a petition was filed with the Interstate Commerce Commission by most of the nation's railroads requesting that an investigation be instituted into the adequacy of all railroad freight rates and charges within the United States and that they be authorized to increase their freight rates and charges by 15 percent, subject to certain specified limitations and exceptions. Such an investigation was instituted by order dated October 1, 1956, in Ex Parte No. 206, Increased Freight Rates, Eastern and Western Territories, 1956.

Before hearings were held on the above petition certain eastern and western railroads on November 6, 1956, filed another petition with the Interstate Commerce Commission for authority to increase immediately their interstate freight rates and charges by 7 percent, subject to certain limitations and exceptions, as an emergency measure based primarily on increased labor costs resulting from new contracts effective November 1, 1956, and increases in prices of materials and supplies used in their operations. The emergency request was also docketed in Ex Parte No. 206. A hearing was held in Kansas City, Missouri, beginning on November 26, 1956, and a decision was released December 17, 1956. An emergency increase of 7 percent was authorized in Eastern Territory and 5 percent was authorized in Western Territory and interterritorially. In the Ex Parte No. 206 hearings Commissioner E. L. McClintock sat with the Federal Commissioners as a State Cooperator.

On November 30, 1956, the Missouri railroads filed with this Commission a petition seeking the same emergency increases as sought on interstate traffic in Ex Parte No. 206 "to the end that rate increases may be afforded on intrastate traffic in Missouri equivalent to those which may be authorized as to interstate traffic in Ex Parte No. 206, thereby preserving pre-existing rate relations between the two, and in order that intrastate traffic in Missouri may proportionately bear the increased costs of operation." Hearing on the railroads' petition was held on December 20, 1956, and an order was issued January 4, 1957, authorizing the railroads to increase their

rates and charges in Missouri to the same extent as authorized for Western Territory by the Interstate Commerce Commission on December 17, 1956, in Ex Parte No. 206, with the exception that rates and charges for the transportation of sand and gravel and crushed stone were not to be increased until further order of the Commission. A final decision with respect to these latter commodities was to be withheld pending a decision by the Interstate Commerce Commission in the action brought by Missouri railroads, under the provisions of Section 13 (4) of the Interstate Commerce Act, seeking additional increases in the Missouri rates on coal, cinders, clay, sand, gravel and crushed stone to the same extent as authorized by the Interstate Commerce Commission in Ex Parte Nos. 175 and 196. However, on petition by the railroads and after further consideration the Commission issued another order dated March 5, 1957, permitting the rates on these excepted commodities to be increased by 3 percent.

The Interstate Commerce Commission has held a number of hearings in Ex Parte No. 206 on the petition of September 27, 1956, but a final decision was not reached during the period of this report. The Missouri railroads have not yet filed with this Commission a petition seeking the same increases in Missouri intrastate traffic as were sought on interstate traffic by their petition of September 27, 1956.

Rail carloadings in 1956 exceeded those of 1955 by about 0.5 percent, but were 11.6 percent over those in 1954. For the first six months of 1957 carloadings were 5.7 percent below those for the same period in 1956, and were about the same as

the same months in 1955.

By tariff schedules filed to become effective January 1, 1957, railroad passenger fares were increased by 5 percent. Also round-trip first-class fares were increased from 166-2/3 percent to 180 percent of the one-way fares. This was the second general increase of 5 percent in rail fares in less than a year, the prior increase having become effective in Missouri on May 15, 1956. One-way rail fares are now on the approximate basis of 2.75 cents a mile in coaches and 3.85 cents a mile in sleeping and parlor cars, except fares of the Missouri Pacific are approximately 3.0 cents a mile for coach travel and about 4.25 cents a mile for first-class travel.

By order issued December 10, 1956, after hearing was held on the matter, the Missouri Pacific was authorized to increase the fares on the commuter train it operates between St. Louis and Pacific. The increases became effective December 24, 1956. Also effective January 1, 1957, pullman and parlor car fares were further increased by 8 percent. Despite these increases in fares passenger service continues to be operated at a deficit.

Truck Rates and Operations

There were no general increases in truck rates in the past year although there are now pending before the Commission petitions that would increase truck rates up to 40 percent. In a number of instances the truck operators increased commodity rates on rail competitive traffic to keep in line with the 5

percent increase in rail rates. These increased commodity rates were filed by the motor carriers and permitted to become effective without hearing.

Nationally the volume of intercity freight transported by truck during 1956 was up 3.2 percent over the prior record year of 1955. It was the eleventh year of the past twelve that the trucking industry has recorded an increase in tonnage hauled over the previous year. The year of 1954 was the only year since 1945 that the trucking industry failed to show a gain in tonnage over the previous year.

Unofficial figures indicate that during the first six months of 1957 intercity truck tonnage transported by Mid-western carriers was down about 3 percent from the same period last year.

Intercity Bus Fares and Operations

The tremendous increase in number and use of automobiles continues to adversely affect intercity bus patronage. The level of bus fares has been held down to some extent by the rail fare level, and most of the companies have found it necessary to reduce operating costs by elimination of their most unprofitable schedules. Some small operators have found it necessary to discontinue service altogether.

Following the increase in rail passenger fares that became effective January 1, 1957, bus operators increased their passenger fares generally by 5 percent in schedules filed on statutory notice and which were permitted to become effective without hearing on February 15, 1957. In applying the increase

resulting fares were further increased where necessary to make them end in "0" or "5" and the minimum fare was generally increased from 30 to 35 cents. Bus fares are now approximately 2.8 cents a mile up to 50 miles; 2.7 cents a mile from 51 to 100 miles; 2.6 cents a mile from 101 to 200 miles; and 2.5 cents a mile over 200 miles.

Transit Fares and Operations

Patronage of the transit companies has also continued to decline during the past year and operating costs have edged upward. The number of automobiles on the streets continues to plague transit companies by not only reducing the number of their patrons but also slowing service for the remaining riders. These factors make it an increasingly more difficult problem for the transit companies to provide good service and yet earn a reasonable return for their investors. Despite fare increases that have been allowed the companies have found it necessary to reduce service on many lines in an effort to cut operating costs.

By schedules filed to be effective October 27, 1956, Kansas City Public Service Company proposed the elimination of its 2-cent transfer charge, which had not proven to be entirely satisfactory, and to provide some additional revenue the company proposed the elimination of its weekly permit. The schedules were suspended and the matter was set for hearing on September 27, 1956. After the hearing the Commission issued its order to become effective October 28, 1956, in which it

found the fare changes proposed by the company to be just and reasonable and which were permitted to become effective. The cash fare for transit rides in Kansas City is 20 cents for adults and 10 cents for children. Passengers crossing certain zone boundaries pay an additional fare of 5 cents.

During the past year no change was made in the fares of the St. Joseph Light and Power Company which operates the transit service in St. Joseph, Missouri. The adult fares in St. Joseph are 15 cents cash; three tokens for 40 cents; a 90-cent weekly permit, plus 5 cents a ride; a 50-cent student weekly permit, plus 4 cents a ride; and a children's cash fare of 5 cents.

There also was no change in the basic fare structure of the St. Louis Public Service Company, which includes a 20-cent adult cash fare; a 10-cent cash fare for children; and a 90-cent weekly permit which is good for unlimited riding upon payment of 10 cents a ride. For riding on express lines a premium of 5 cents over the basic local fares is collected. Also available was a weekly express permit for \$1.15 which is good for unlimited riding on either the local or express lines upon payment of 10 cents a ride. Passengers crossing certain zone boundaries pay an additional fare of 5 cents on both local and express lines. A student weekly pass is sold for \$1.00.

Railroad Mileage

Class I rail carriers serving Missouri reported 11,236 miles of track as of December 31, 1956, which is 35 miles less than reported for December 31, 1955. The decrease in track miles was due almost entirely to changes in yard switching tracks, passing tracks, crossovers and turnouts. There were no abandonments of main line tracks though total trackage was reduced slightly because of relocations.

The trackage in the street railway system of the St. Louis Public Service Company as of December 31, 1956, was about 39 miles less than reported a year ago. The reduction is accounted for primarily by the abandonment of the Broadway car line in which there was about 26 miles of track and the abandonment of almost four miles of track on Washington Street. The remainder of the reduction was due to relocation and changes in tracks rather than the abandonment of any lines.

The trackage of the Kansas City Public Service Company was reduced by about 40 miles. This reduction was brought about by the abandonment of 15 miles of track in the 12th Street car line; 14 miles of track in the Troost car line, for which motor bus lines were substituted; and 2.8 miles of track to and through the 9th Street tunnel which was reverted to the City of Kansas City for civic improvements. The reduction in trackage also included 4 miles in barns and yards that were abandoned.

With the exception that the entire line of the Cassville and Exeter Railway Company, which consisted of 4.7 miles of

track, has been abandoned, there was no change in the miles of track operated by the small railroads in Missouri.

The following table shows the rail mileage in Missouri operated by the various companies as of December 31, 1956:

RAIL MILEAGE OPERATED IN MISSOURI AS OF DECEMBER 31, 1956

CLASS I <u>RAILROADS</u>	Main Line <u>Tracks</u>	Second Main <u>Tracks</u>	Other Main <u>Tracks</u>	Passing Track Cross- overs <u>Turnouts</u>	Way and Yard Switching <u>Tracks</u>	<u>TOTALS</u>
A.T. & S.F. Ry. Co.	308.17	199.29	26.54	54.32	70.70	659.02
C.B. & Q. RR. Co.	1,342.50	132.62	-	134.92	341.19	1,951.23
C.G.W. Ry. Co.	101.22	3.61	-	11.76	22.80	139.39
C.M.St.P. & P.RR.Co.	154.56	56.77	12.45	35.32	97.85	356.95
C.R.I.& P. RR. Co.	509.88	70.41	27.60	54.58	127.27	789.74
G.M. & O. RR. Co.	254.01	19.72	9.12	46.47	51.38	380.70
I. T. RR. Co.	2.72	2.54	-	.62	1.75	7.63
K.C. So. Ry. Co.	199.59	10.33	-	40.93	138.77	389.62
M-I RR. Co.	89.04	-	-	6.33	30.44	125.81
M. K. T. RR. Co.	469.86	28.29	-	62.28	97.95	658.38
Mo. Pac. RR. Co.	1,421.44	222.53	3.29	184.16	541.53	2,372.95
St.L-S.F. Ry. Co.	1,444.41	32.76	-	173.85	408.31	2,059.23
St.L-S. W. Ry. Co.	220.90	19.96	-	21.52	43.09	305.47
U. P. RR. Co.	2.16	1.54	-	5.96	16.16	25.82
Wabash RR. Co.	628.14	62.72	13.31	96.43	213.03	1,013.63
TOTALS	7,148.50	863.09	92.31	929.45	2,202.22	11,235.57

STREET RAILWAYS

Kansas City Public Service Co.	19.12	15.12	-	5.02	3.04	42.30
St. Louis Public Service Co.	37.92	37.92	-	8.52	8.95	93.31
TOTALS	57.04	53.04		13.54	11.99	135.61

SMALL RAILROADS

Bevier & Southern Railroad Co.	20.12
Hannibal Connecting Railroad Co.	7.06
Kansas City Connecting Railroad Co.	4.73
Missouri & Illinois Bridge & Belt R. R. Co.	3.48
St. Louis & Troy Railroad Co.	5.20
St. Francois County Railroad Co.	9.74
TOTALS	50.33